

Message Text

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43

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INFO AMEMBASSY ACCRA

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AMEMBASSY BAMAKO

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY CONAKRY

AMEMBASSY GREETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARAMARIBO

AMEMBASSY PORT AU PRINCE

AMEMBASSY DANTO DOMINGO

AMEMBASSY YAOUNDE

USMISSION EC BRUSSELS

USMISSION GENEVA

AMCONSUL ZAGREB

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E.O. 11652: N/A

TAGS: ECIN, EMIN, YO

SUBJ: YUGOSLAV IMPRESSIONS OF INTERNATIONAL

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BAUXITE ASSOCIATION MEETING AND BAUXITE-

ALUMINUM DEVELOPMENT PLANS

REF: STATE 252664

SUMMARY: YUGOSLAV DELEGATE TELS US THAT THEY PLAYED ONLY SUBSIDIARY ROLE AT GEORGETWON METING, FAVORING OPENNESS ON ADMISSIONS AND PROCEDURES, OPPOSING IMMEDIATE DECISIONS ON PRICING POLICY, AND IGNORING - ALONG WITH EVERYONE ELSE - BURNHAM PROPOSAL FOR BAUXITE UNIT OF CURRENCY. YUGOSLAVS HOPE THAT PRICING POLICY TO BE DEVELOPED BY NEW COMMITTEE WILL ENABLE THEM TO RAISE PRICES ON SIZEABLE SHIPMENTS TO USSR AND OTHER EASTERN EUROPEAN COUNTRIES. OTHER THAN RECENT HUNGARIAN CREDIT, NO NEW FOREIGN PARTICIPATION IN YUGOSLAV BAUXITE-ALUMINUM INDUSTRY IN PROSPECT; POLICY ON INVESTMENT FROM ABROAD UNDER RECONSIDERATION. YUGOSLAVS HAVE REPORTEDLY BEEN INVITED TO BECOME JUNIOR PARTNER IN UK-GERMAN INVESTMENTS IN CARIBBEAN AREA. END SUMMARY

1. ZARKO TOMASEVIC, DEPUTY DIRECTOR, OFFICE FOR ECONOMIC RELATIONS, FOREIGN SECRETARIAT, HAS BRIEFED US ON YUGOSLAV IMPRESSIONS OF GEORGETWON IBA CONFERENCE WHICH HE ATTENDED.

2. ACCORDING TO TOMASEVIC, YUGOSLAV DELEGATION WAS "NOT IN FRONT LINE OF BATTLE" AND DID NOT SUBMIT ANY PAPERS. HOWEVER, YUGOSLAVS PREPARED "MODERATE-SIZE" BUDGET FOR IBA AND "DEMOCRATIC" RULES OF PROCEDURE BASED ON UNANIMITY PRINCIPLE - BOTH OF WHICH WERE ADOPTED. YUGOSLAVS FAVORED FULL OPENNESS IN DISCLOSURE OF IBA DISCUSSIONS, BUT - DUE TO OPPOSITION OF SOME AFRICAN AND CARIBBEAN AREA PARTICIPANTS - COMPROMISE WAS NECESSARY.

3. YUGOSLAVS ALSO FAVORED MAXIMUM OPENNESS IN ADMISSION OF NEW MEMBERS, AND SUCCESSFULLY SPONSORED GHANA MEMBERSHIP, DESPITE ITS LIMITED ROLE IN BAUXITE FIELD. "LIVELY" DEBATE ON VARIOUS POLITICAL AND ECONOMIC CRITERIA FOR MEMBERSHIP LED TO NO AGREED CONCLUSIONS, TOMASEVIC SAID, AND SO PARTICIPANTS MERELY REACHED UNDERSTANDING THAT ANY COUNTRY COULD APPLY. MEMBERS WOULD VOTE ON APPLICATION BY SECRET BALLOT, AND UNANIMOUS APPROVAL WOULD BE NECESSARY FOR ADMISSION.

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4. YUGOSLAVIA AND OTHERS REPORTEDLY OPPOSED, AS UNREALISTIC, DEMANDS OF SIERRA LEONE AND GUINEA FOR IMMEDIATE DECISION ON PRICING POLICIES. YUGOSLAVS FAVORED - AND WILL PARTICIPATE IN - COMMITTEE ON THIS ISSUE, WHICH IS TO REPORT TO FULL MEMBERSHIP IN JANUARY 1975, PROBABLY AT EXTRAORDINARY COUNCIL MEETING.

5. HOPE FOR MEANINGFUL INCREASE IN PRICES FOR ITS BAUXITE AND

ALUMINA EXPORTS TO USSR AND EASTERN EUROPE IS A PRIME CONSIDERATION IN YUGOSLAV ACTIVITY IN IBA, TOMASEVIC EMPHASIZED. "EVERYONE ELSE AT GEORGETOWN WAS LOOKING WEST...WE WERE LOOKING EAST," HE SAID, "AND WE LEARNED A LOT IN COMPARING NOTES ON CURRENT PRICES AND ON WHAT PRICES MIGHT BE OBTAINABLE." YUGOSLAVS ARE NOT SATISFIED WITH PRICES OFFERED BY SOVIETS FOR BAUXITE, ("A LITTLE BELOW WORLD MARKET PRICE") AND WOULD ALSO LIKE TO RAISE PRICE OF ALUMINA TO BE SHIPPED UNDER 140 MILLION DOLLAR SOVIET CREDIT ARRANGEMENT OF 1 972.

6. BURNHAM SUGGESTION FOR "BAUXITE UNIT OF CURRENCY" WAS NOT TAKEN SERIOUSLY BY ANYONE AT CONFERENCE, TOMASEVIC SAID, NOR DID ANYONE SEEM TO UNDERSTAND IT.

7. ANOTHER ISSUE NOT TAKEN SERIOUSLY AT ALL, TOMASEVIC CLAIMED, WAS U.S. CONTENTION THAT BAUXITE COULD READILY BE REPLACED BY OTHER MATERIALS FOR PRODUCTION OF ALUMINUM (IN DISCUSSION REPORTED BELGRADE 3625, ON OTHER HAND, MORE TECHNICALLY VERSE YUGOSLAV COLLEAGUE EXPRESSED FULL AWARENESS OF THIS POSSIBILITY).

8. ASIDE FROM REPORTED NEW 42 MILLION DOLLAR HUNGARIAN CREDIT GOVERNING EQUIPMENT AND SERVICES FOR 300,000 TON CAPACITY OBROVAC ALUMINA PLANT (IN WHICH EAST GERMANS HAVE ALSO BEEN REPORTED INVOLVED), THERE ARE NO EARLY PROSPECTS FOR ADDITIONAL FOREIGN CREDITS OR INVESTMENTS TO HELP MEET YUGOSLAVIA'S AMBITIOUS GOALS FOR DEVELOPMENT OF BAUXITE - ALUMINUM INDUSTRY, TOMASEVIC STATED.

9. YUGOSLAVIA IS INTERESTED "IN PRINCIPLE" IN JOINT VENTURES WITH WESTERN FIRMS IN THIS AREA, BUT LEGAL CONDITIONS AND INDUCEMENTS FOR THIS ARE STILL UNDER CONSIDERATION IN CONTEXT OF CURRENT STUDY OF COUNTRY'S LIMITED OFFICIAL USE

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OVER-
ALL DEVELOPMENT POLICY.

10. YUGOSLAVS HAVE BEEN OFFERED CHANCE TO PARTICIPATE AS JUNIOR PARTNER IN PROSPECTIVE GERMAN-BRITISH BAUXITE INVESTMENT IN THREE CARIBBEAN AREA COUNTRIES (JAMAICA, GUIANA, TRINIDAD), TOMASEVIC DISCLOSED, BUT HE EXPRESSED DOUBT WHETHER PROPOSITION WAS REALISTIC IN LIGHT OF YUGOSLAVIA'S SHORTAGE OF CAPITAL.

11. COMMENT: ALTHOUGH EXERCISING MODERATING INFLUENCE AND PLAYING RATHER LOW-KEY ROLE, GOY IS OBVIOUSLY SOLD ON IBA AS APPROPRIATE WAY OF PROMOTING PROSPERITY OF NON-ALIGNED AND OTHER LESS-DEVELOPED COUNTRIES IN GENERAL, AND OF INCREASING RETURN ON YUGOSLAVIA'S OWN BAUXITE/ALUMINUM INDUSTRY EXPORTS. CONTINUED EDUCATIONAL CAMPAIGN ON COUNTERPRODUCTIVE RESULTS OF CARTEL-TYPE ACTIVITIES

WILL BE NECESSARY.
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